

An overview of our Islamic financial institutions M&A capabilities



Introduction to Islamic financial institutions M&A.

Across the Middle East and South East Asia, we are seeing a growing trend of mergers between Islamic financial institutions and new entrants to the Islamic finance market.

As a global leader in both Islamic Finance and financial institutions M&A, and with market leading businesses in the Middle East and South East Asia, this is an area in which we can support you.

Linklaters has significant global experience in advising and assisting on financial institution M&A activity and we understand the issues that arise when trying to handle such transactions in many jurisdictions, under many different regulatory frameworks. Our Islamic financial sector expertise also allows us to view these transactions from the perspective of participants and investors who wish to pursue such transactions with Shariah compliance uppermost in their mind or, a desire to enter this fast developing market.

Thus, whether the transaction involves a merger of two Islamic firms, the acquisition of a Shariah-compliant banking portfolio or the purchase of a conventional bank or book of business and its subsequent conversion, we can help our clients achieve their commercial goals.

Achieving a Shariah-compliant solution requires the advisory team to be aware at every step of the process what will be concerning the Shariah scholars as they review the structure, assess the due diligence reports and determine how to implement the transaction in a Shariah-compliant manner. In many countries where Islamic financial institutions operate, the legal and regulatory regime may simply not contemplate the various different types of transaction: we have the experience that would enable us to identify regulatory gaps and devise practical solutions if this arises. Due diligence on a target company may identify non-compliant assets, in which case we can help develop strategies to purify, discount or hive-off such assets to allow the rest of the transaction to proceed. If financing is required for the acquisition, we can advise on solutions that may be available to support the purchasers.

Awards

M&A Team of the Year

IFLR Middle East Awards 2014

M&A Deal of the Year

Abu Dhabi Islamic Bank on its acquisition of Barclays' UAE retail banking assets

IFLR Middle East Awards 2014

Debt and Equity-linked Deal of the Year

GEMS corporate hybrid sukuk

IFLR Middle East Awards 2014

Excel at the most challenging Islamic transactions.

First-of-a-kind transactions

We work on the cutting-edge of the Islamic finance field and have advised on some of the most significant and innovative transactions, of which many have been first of its kind. These have included advising on:

Shariah-compliant M&A transactions

Islamic bank and conventional bank mergers

Establishment of Shariah supervisory boards for conventional banks

Sukuk issued by the UK government

International Shariah-compliant Tier 1 perpetual Sukuk and Basel III in the Middle East

Pari passu ranked secured Sukuk and bank facility

Restructuring/liability management of Sukuk

Lower tier 2 Sukuk

Sukuk under DIFC law

Mandatory convertible Sukuk

Sale of conventional assets to IFI for subsequent conversion

Global market leaders in financial institutions M&A.

We offer clients one of the world's leading corporate practices, operating at the premium end of the market across all jurisdictions. We have strength, quality and depth across the full spectrum of work in this field, including auction bids, public takeovers, private acquisitions and disposals, cross-border and multi-jurisdictional deals and joint ventures, corporate reorganisations, reconstructions and demergers, and the full range of public securities issues.

We are at the forefront of market developments, particularly in the financial institutions sector where we consistently have leading roles on the most challenging assignments. We provide a service that combines a detailed understanding of the financial markets with specialised knowledge of the legal and regulatory considerations.

Global perspective, local knowledge

Linklaters is recognised as a leader in Shariah-compliant financing transactions. Issuers and arrangers alike call on the expertise and experience of our team. The team adds value to transactions with our ability to combine an in-depth understanding of Shariah-compliant financing with our expertise in conventional financing. We help clients measure the risks associated with Islamic finance structures.

We focus on developing coherent Shariah-compliant solutions on the most complex and important transactions. Over the course of acting on previous and current transactions, we have developed close relationships with the Shariah scholars most commonly advising on Islamic finance transactions.

We offer innovative, market-leading advice to corporates, financial institutions, export credit agencies, investment banks and governments on Shariah-compliant banking facilities, Sukuk, derivatives, structured products and project financing.

Our FIG M&A expertise in the Middle East and South-East Asia

We offer clients one of the world's leading M&A practices, operating at the most demanding end of the market across Asia.

The number and variety of deals we have been involved in gives our people an invaluable pool of experience and we are able to provide a service that combines a detailed understanding of the financial markets, with specialised knowledge of the legal and regulatory considerations.

Our Corporate M&A teams have been involved in a range of M&A transactions, capital-driven disposals, and restructurings and government interventions as financial institutions look to shore up balance sheets and pursue opportunities and expansion.

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Winner of 13 Deal of the Year Awards

Islamic Finance News 2014

Highlights of our team's experience include advising:

Bank of America Merrill Lynch acquisition

Julius Baer Group Ltd. on the acquisition of the non-U.S. Global Wealth and Investment Management business of Bank of America Merrill Lynch – a transaction involving 20 jurisdictions

Barclays Bank disposal

Barclays Bank plc (Barclays) on the disposal of certain credit cards, deposits, loans and mortgages issued by Barclays in the UAE to Abu Dhabi Islamic Bank PJSC (ADIB) and represented Barclays' exit from their retail business in the UAE

PT Bank Tabungan Pensiunan Nasional Tbk acquisition

SMBC on its US\$1.56bn acquisition of a stake of up to 40% in PT Bank Tabungan Pensiunan Nasional Tbk, the highest value acquisition of a bank entity in Indonesia to date

Bank of Ayudhya acquisition

The Bank of Tokyo-Mitsubishi UFJ, Ltd. on its acquisition of up to 75% of Bank of Ayudhya for approximately US\$5.6bn

J Trust Co Ltd. Acquisition

J Trust Co Ltd. on its acquisition of Indonesia Deposit Insurance Corporation's 99.996% interest in PT Bank Mutiara Tbk (Bank Mutiara)

Standard Chartered Bank and PT Astra International Tbk majority stake bid

Standard Chartered Bank and PT Astra International Tbk on their successful bid to acquire a majority stake in PT Bank Permata Tbk

Capital Management House merger

Capital Management House on its merger by amalgamation with two other Islamic Banks in Bahrain. This was one of the first statutory mergers in Bahrain

International Bank of Qatar Q.S.C. asset transfer

International Bank of Qatar Q.S.C. (IBQ) on the sale of its corporate loan and deposit portfolio of its Islamic banking operations (al yusr), to Qatar Islamic Bank Q.S.C.

Emirates Bank International and National Bank of Dubai merger

The US\$5.93bn merger of Emirates Bank International and National Bank of Dubai to become Emirates NBD, the largest domestic bank in the Middle East region. Emirates Bank International PJSC ('EBI') and National Bank of Dubai PJSC ('NBD') were the first and second largest banks in the Emirate of Dubai by assets

International Bank of Qatar (Q.S.C.) sale of its retail Islamic banking operations

International Bank of Qatar Q.S.C. (IBQ) on the sale of its retail Islamic banking operations, to Barwa Bank Q.S.C.

Lloyds TSB sale

Lloyds TSB Bank on the private sale of its onshore retail, commercial and corporate banking business in the UAE to HSBC Bank Middle East Limited

Lloyds TSB launch of Islamic financial services*

Lloyds Bank TSB on the launch of its Islamic financial services window in the United Kingdom and established a Shariah supervisory board

Fajr Capital's establishment of UK institution*

Fajr Capital's founding management team in connection with initial fund raising and establishment of this institution in the United Kingdom

Abu Dhabi Commercial Bank sells Malaysian bank stake

Abu Dhabi Commercial Bank on the sale of its 25% stake in RHB Capital to Aabar Investments for approximately US\$1.8bn

**NB: Work undertaken prior to joining Linklaters*

Your team.



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“They gave us really good advice – it’s good to work with someone who really understands Islamic banking.”

Chambers Global 2015, Islamic Finance: Middle East

“This powerhouse maintains its position at the forefront of the market, handling some of the most complex high-end deals done in the UAE and the region.”

Chambers Global 2013, Corporate/M&A, The Elite: UAE

“We got some real brainpower from them – they think outside the box about how they can help us.”

Chambers Global 2015, Corporate and M&A: Middle East and UAE

“Sources say: ‘An extremely active group’ differentiated by the dependability and consistency of the advice provided.”

Chambers Asia 2013, Singapore

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